

Health Benefits Options When Terminating Employment

State and Local Employees Participating in the State Health Benefits Program

ELIGIBILITY AND OPTIONS FOR CONTINUATION OF HEALTH BENEFITS

When you terminate employment due to retirement, resignation, or a reduction in force, or your hours are reduced so that your status becomes part-time, you and/or your dependents may be eligible to continue health benefits coverage.

Three options are available for continuing health benefits coverage depending on your termination status:

- Retired Group coverage
- COBRA
- Conversion to private insurance

CONTINUATION OF COVERAGE INTO RETIREMENT

If you retire from your job and receive a retirement allowance from a State or locally-administered retirement system, you and your spouse may continue participation in the State Health Benefits Program (SHBP) **for your lifetime**.

To enroll in SHBP under the retired group, you must complete a Retired Status Application, which will be mailed to you by the Health Benefits Bureau after you file an Application for Retirement Allowance with the Division of Pensions and Benefits. State retirees who have 25 years or more of service credit in the pension plan or who retire on disability may qualify for state-paid SHBP coverage. Local employees with 25 years or more of service credit in the pension plan or who retire on disability will qualify for employer-paid SHBP coverage if they retire from a school board, county college or a participating employer who has agreed to pay for their retirees' benefits. If you do not qualify for state-paid or employer-paid health benefits, the premium charge will be deducted monthly from your pension check. If your pension will not cover the cost of your premiums, you will be billed monthly.

All members and their dependents enrolled in the retired group who are eligible for federal Medicare at age 65 or earlier if collecting Social Security disability benefits must enroll in both Parts A and B of Medicare in order to continue SHBP coverage. Proof of enrollment is required. See Fact Sheet #11 for more information on enrolling in the SHBP when you retire.

CONTINUATION OF HEALTH BENEFITS UNDER COBRA

The Federal Consolidated Omnibus Reconciliation Act of 1985 (COBRA) provides for the continuation of group coverage under the State program for the employee and covered dependents for 18 months if:

- the covered employee is terminated; or
- the employee's hours are reduced so that the employee and/or dependents no longer meet the State program's eligibility requirements for coverage (also includes leaves of absence).

Coverage may continue for **36 months** for dependents if:

- the covered employee dies; or
- the covered employee and his/her spouse divorce; or
- a dependent child no longer qualifies as such because of marriage, moving out of the household, or attaining age 23.

You and/or your eligible dependents may elect to continue any or all of the coverages (e.g. health, dental, prescription, and vision) you had while employed, and you may switch plans upon enrollment into COBRA. However, you cannot increase the level of your coverage, except during the annual enrollment period, unless you had a qualifying event (birth, adoption, marriage) within 60 days of your COBRA election. In addition, COBRA subscribers are permitted to change health plans and/or add

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coverage during the annual Open Enrollment period in September or October through the COBRA Administrator. All COBRA enrollees will receive Open Enrollment information mailed directly to their address on file with the SHBP.

Your employer is responsible for informing employees and their dependents about COBRA regulations. Contact your employer for an application to continue health benefits coverage under COBRA.

CONVERSION OF HEALTH BENEFITS COVERAGE

If your enrollment in SHBP ends for any reason other than your voluntary withdrawal or your employer's withdrawal from the SHBP, conversion allows you and your dependents to purchase, without evidence of good health, non-group coverage from the company that insured you before termination of your group coverage. To receive a converted contract, you must contact the insurance carriers directly. However, you should first exercise your rights under COBRA since continued group coverage is considerably cheaper than individual coverage. After your

COBRA term is completed, you may then exercise your conversion rights.

COVERAGE AFTER COBRA

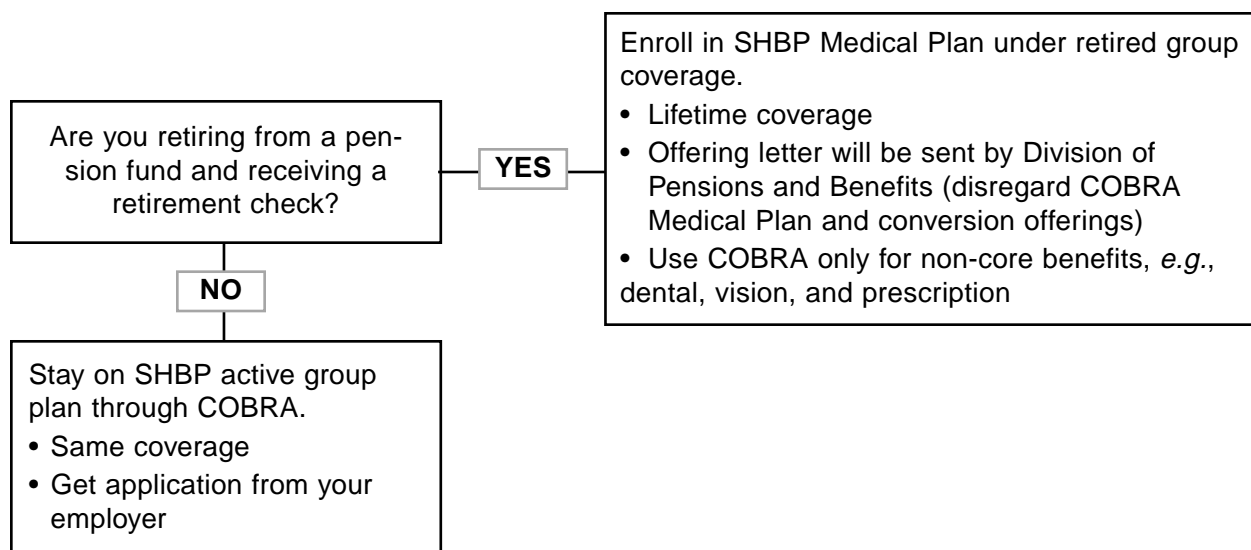
You will be able to convert your COBRA health care coverage to non-group insurance only if:

- you complete your COBRA eligibility; or
- you lose coverage due to enrollment in Medicare.

Conversion will be with the same insurance carriers with whom you were enrolled under COBRA.

If you decide to convert and you live in New Jersey and are not Medicare eligible, you should investigate one of the New Jersey Individual Health Benefits Plans. These plans, established under the 1992 Individual Health Insurance Reform Act, offer a wide range of insurance options and are more reasonably priced than converted insurance. You can obtain rate information by calling 1-800-838-0935, and you can obtain coverage information from any insurance carrier in New Jersey.

WHEN YOU LEAVE EMPLOYMENT



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